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MONTANA LETTER

May 17, 1973

BUTZ REPORTS BREAKTHROUGHS

A slow down in the rate at which farm numbers are declining and easing of the farm cost-price squeeze are two of the 1972 highlights cited in "A Year of Breakthroughs", the annual report by Secretary of Agriculture Earl L. Butz to the President.

Prices farmers received gained faster than prices they paid last year, the report says, for a record net farm income of more than \$19.2 billion during fiscal 1972.

At the same time the decline in farm numbers was slowing. During the 1960's the number of farms in the U.S. declined by 104,000 per year. This rate was reduced by more than 60 percent last year.

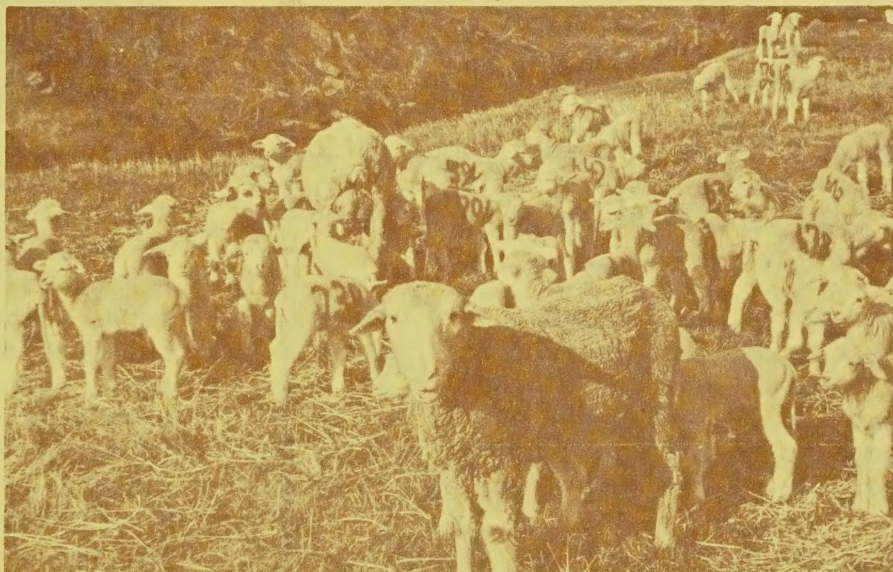
Farmers comprise less than 5 percent of the population, the report says, but have assets exceeding \$250 billion, spend \$40 billion a year to pay production expenses, pay property taxes of more than \$3 billion a year and have a \$60 billion debt load that is expected to double within seven years.

They also lose nearly \$100 billion in assets to cities every generation, the report says, as more than half of all farm-reared youth leave the farm and

inherit more than half of all farm assets left by deceased parents.

The sale of more than \$1 billion worth of wheat, feed grains and oilseeds to the Soviet Union last year was the largest grain transaction agreement ever made and marked another breakthrough in Agriculture, according to Secretary Butz.

Other highlights of the report include:



Finn sheep?

No, these ewes were just baby sitting when Oliver Lien, district director, took their picture.

Today's average farmer has nearly \$100,000 invested in land, machinery, livestock, working capital and farm buildings other than his house. The figure has doubled in a decade.

Realized net income from farming - per family - averaged about \$5,581 in 1971 and \$6,797 in 1972.

The farmer's output per man-hour continues to rise rapidly. Each farm worker in 1972 supplied enough food and fiber for 51 persons, compared with 15 about 25 years ago and 47 in 1970.

PERSONNEL CHANGES COMING

With the announcement that REAP and waterbank would not be funded this year, we have been expecting some reduction in personnel. Decisions to have no reseal and to reduce the need criteria for grain storage facility loans are expected to further reduce activity in our offices.

A compensating reduction in personnel is to be made by June 30, 1973. Guidelines for this reduction, as provided by DASCO, include elimination of at least one employee in each county office. Additional regular employees will be released in those counties where the current county office workload, as measured by the workload formula, "warrants this action."

We don't know the exact number of our people who will be affected but we expect it will be something between 40 and 50.

Currently, we have 46 county offices serving Montana farmers and ranchers. The guidelines do not require any reduction in the number of offices so we hope to be able to continue to provide service at the same level as presently.

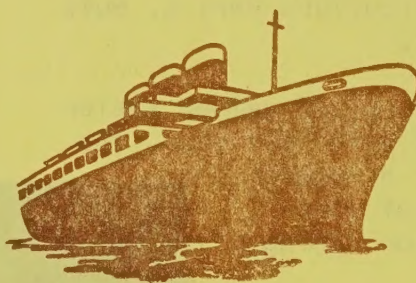
All the changes are not at the county level. There will be some changes and reductions in the state office work force, too. Perhaps the most obvious change to most people will be a reduction in the number of district directors. We are presently considering covering the State with three directors plus occasional help from other State office employees.

This is the way it looks now. The situation may change and if it does we will keep county offices and you informed to the extent possible.

This is a difficult time for all of us -- those who must make decisions, as well as those affected by these decisions. We would like to assure employees and committeemen alike that the necessary reductions and changes will be made with as little disruption as possible in our operations and in the lives of ASCS personnel. We will follow carefully the DASCO guidelines established to assure maximum uniformity and equity for both producers and employees.

USSR GRAIN PURCHASES EXPECTED

The Soviet Union is still expected to purchase sizeable quantities of grain on the world market for delivery in the marketing year starting this July, despite an apparent improvement in current Soviet grain crop prospects.



A report by USDA's Foreign Agricultural Service says the expectation of purchases is strengthened by recent reports from Europe that the Soviets have chartered large numbers of third-country vessels suitable for carrying grain. These reports indicate that the Soviets have chartered for use during the next 18 to 20 months enough ships to carry an estimated 6 million tons of grain annually. This is in addition to vessels chartered earlier and does not include grain to be carried on U.S. and Soviet-flag vessels.

Last year the USSR purchased 28 million tons of grain from all sources, mostly for delivery in the current marketing year ending June 30. Included were about 19 million tons of wheat and 9 million tons of other grains, mostly corn and barley.

Based on current crop prospects and shipping information, FAS estimates the Soviets may in 1973/74 take about half the total quantities purchased in

1972/73. Current world grain prices would tend to indicate a higher proportion of corn in next year's purchases.

CCC BIN SALES SCHEDULED

Government bins no longer needed to store grain owned by Commodity Credit Corporation will be offered for sale next month on the accompanying schedule. The bins, all rated at 3,250 bushels capacity, will be sold at public auction.

All sales will be for cash on the date of sale. Producers planning to finance bin purchases with storage facility loans may meet the cash requirement by paying 15 percent of the purchase price in cash provided they present the sale clerk with a statement of loan eligibility from their home ASC county committee.

BINS FOR SALE			
LOCATION	NO. OF BINS	DATE AND TIME	
WINIFRED	31	JUNE 11	2 P.M.
LORING	45	JUNE 12	10 A.M.
MALTA	44		2 P.M.
GLENTANA	28	JUNE 13	10 A.M.
FOUR BUTTES	21		2 P.M.
POWER	30		10 A.M.
BRADY	70		2 P.M.
LEDGER	45	JUNE 14	10 A.M.
VALIER	56		2 P.M.
WOLF POINT	23		10 A.M.
RUDYARD	42	JUNE 15	10 A.M.

ALL GRAIN LOANS MATURE

In a little more than two weeks price support loans will mature on some 29 million bushels of Montana grain. In most counties producers will have the options at maturity - May 31 - of repaying the loan principal plus interest or delivering enough collateral to the government to satisfy the loan.

In some counties where storage and transportation problems have been particularly acute, a third option will allow producers an additional 30 days to repay their loans. This deferred repayment option may be extended by the county committee for additional 30-day periods if necessary following the expiration of the first deferral period. Producers who are in counties where the deferred repayment is authorized and who choose this option will continue to pay interest on their loans. They will not earn any storage payment after May 31.

Producers having warehouse loans - either current or extended -- will forfeit their grain unless they notify their ASCS office before May 31 that they intend to redeem. CCC will take title shortly after May 31 to any unredeemed warehouse loan grain.

Loan holders in each county are being provided information about applicable loan liquidation choices and asked to let their ASCS office know promptly how they will settle. Borrowers having questions about loan settlement may contact their ASCS office for more detailed information.

* * * * *

Frequently persons experienced and equipped to move bins from sites to farm locations attend sales to offer their services. Often, too, site owners will offer to allow bins to remain at the site locations on a lease basis.

A new process using linseed oil for curing concrete can save about \$1 per square yard of surface in building roads.

FORMER DIRECTOR PASSES

James H. Neal, ASCS district director from 1957 to 1971, passed away recently in Billings. Jim had retired in February 1971.

Before becoming a district director, he had worked for the Yellowstone ASCS county office and for the State office on acreage measurement and as a bin site supervisor.

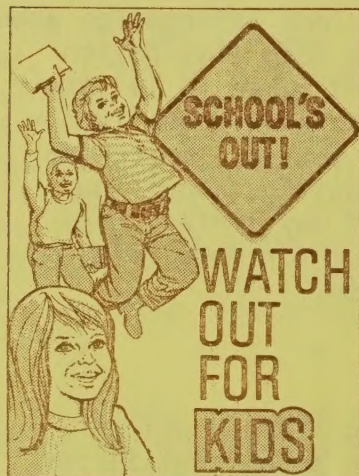
He was born in Nebraska, educated in Idaho including a degree from the University of Idaho, and taught and coached in Idaho and Wyoming high schools. He served in the Marine Corps during World War I.

After coming to Montana he was employed by the Texas Company and then managed the Harvey Cort Sheep Company in Hardin before joining ASCS.

We extend our sympathy to Mrs. Neal, the children, Carolyn and Jim, and other relatives. Jim was a good friend who will be missed by all of us.

SPREADING IT THIN . . . AND QUICK

MONTANA'S WHEAT CROP is forecast at 61.9 million bushels by the Montana Crop and Livestock Reporting Service. This is 2 percent higher than the



December estimate and 28 percent larger than 1972's production... "FARM EXPORTS SHINE as one of the few bright spots in the U.S. trade scene. This year our agricultural trade will earn a cash surplus of at least \$3.3 billion."

WOOL PRICES THIS YEAR are expected to exceed the incentive price of 72 cents per pound despite the mid-March market break. USDA estimates two-thirds of the 1973 clip was sold before the price decline.... A PL 480 PURCHASE AUTHORIZATION FOR 2.4 million bushels of wheat has been issued to Morocco. The contracting period is May 21 through July 31, 1973.... IF WAGES HAD GONE up no faster than food prices in the last 20 years, the average industrial worker would be earning \$2.23 an hour, not \$3.65. This would amount to a 39 percent cut in 1972 wages..... CERTIFICATION OF ACREAGES for farms participating in this year's wheat and feed grain programs should be made as soon as planting is complete and crop acreages are known. Early certification will help ASCS offices prepare to make payments shortly after July 1.... THERE WILL BE NO additional 1972 feed grain payments. Average prices received for 1972-crop grains, plus payments, have exceeded the program guarantees.

Roy Killenbeck, Chairman
Montana State ASC Committee
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Secretary of Agriculture Earl L. Butz...